



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
CLINTON COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1999

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY
CLINTON COUNTY FISCAL COURT
Fiscal Year Ended June 30, 1999

The financial condition of Clinton County Fiscal Court is stable. The entity has added the Ambulance Service and is reporting transactions through the General Fund. The county also has opened an Occupational Fund and the Jail Commissary Fund is reported as a component unit.

Note Disclosures:

We reported the General Fund owed the Road and Bridge Fund \$114,330 as of June 30, 1998. As of June 30, 1999, none of this amount had been paid to the Road and Bridge Fund.

A lawsuit has been filed against the county over the occupational tax. The county is awaiting the opinion of the Clinton County Circuit Court. As of March 31, 2000, \$306,399 had been received for Fiscal Year 2000. If the court does not rule in the county's favor, the county will lose a major revenue source.

Ambulance lease is for five years in the amount of \$52,800.

Findings:

The General Fund owes the Road and Bridge Fund \$114,330. We recommended the county pay this amount back as soon as possible.

All invoices be paid within 30 working days of receipt of the invoice. An invoice was dated in October 9, 1998 for road surface and binder. The vendor was paid \$106,786 on June 30, 1999. We recommended the fiscal court ensure proper procedures for invoices to be paid in a timely manner.

Accurate records should be maintained by the county. Flowers and Christmas decoration was being paid out the County Judge's office supply account. We recommended that accurate records be maintained in the future and that all expenditures be posted to the proper budget appropriation ledger accounts.

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Charlene King, County Judge/Executive
Members of the Clinton County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Clinton County, Kentucky, as of June 30, 1999, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Clinton County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Clinton County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Clinton County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1999, in conformity with the cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Charlene King, County Judge/Executive
Members of the Clinton County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Clinton County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comments and recommendations, included herein, which discusses the following areas of noncompliance:

- Expenditures From The Road And Bridge Fund Should Be For Road Purposes Only
- All Invoices Should Be Paid Within Thirty Working Days
- Accurate Accounting Records Should Be Maintained By The County

In accordance with Government Auditing Standards, we have also issued our report dated April 20, 2000, on our consideration of Clinton County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 20, 2000

CLINTON COUNTY OFFICIALS

June 30, 1999

Charlene King	County Judge/Executive
Wanda White	County Attorney
Jim Elmore	County Clerk
Ralph Groce	Circuit Court Clerk
Kay Riddle	Sheriff
Gene Ferrill	Jailer
Billy Joe Coop	Property Valuation Administrator
Debbie Duvall	County Treasurer
Steve Talbott	Coroner
James F. Polston	Magistrate
Norman D. Asberry	Magistrate
Allan Glidewell	Magistrate
Ricky Craig	Magistrate
Gary Tallent	Magistrate
Ricky Savage	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

CLINTON COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets

General Fund:	
Cash	\$ 17,110
Road and Bridge Fund:	
Cash	130,835
Due From General Fund (Note 4)	114,330
Jail Fund:	
Cash	20,696
Jail Commissary Fund:	
Cash	683
Local Government Economic Assistance Fund:	
Cash	61,310
Community Development Block Grant - Learning Center Fund:	
Cash	575
Disaster and Emergency Fund:	
Cash	1,010
Forest Fire Fund:	
Cash	83
Occupational Tax Fund	
Cash	6,404
Payroll Revolving Fund:	
Cash	<u>2,260</u>
Total Assets	<u>\$ 355,296</u>

The accompanying notes are an integral part of the financial statements.

CLINTON COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1999
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund - Due to Road and Bridge Fund (Note 4)	\$ 114,330
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Fund Balances

Reserved:

Jail Commissary Fund	683
Community Development Block Grant - Learning Center Fund	575
Forest Fire Fund	83
Occupational Tax Fund	6,404
Payroll Revolving Fund	2,260

Unreserved:

General Fund	(97,220)
Road and Bridge Fund	245,165
Jail Fund	20,696
Local Government Economic Assistance Fund	61,310
Disaster and Emergency Services Fund	1,010

Total Liabilities and Fund Balances	<u>\$ 355,296</u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

CLINTON COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1999

<u>Cash Receipts</u>	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Schedule of Operating Revenue	\$ 1,178,497	\$ 420,124	\$ 615,345	\$ 65,647
Transfers In	355,362	151,651		192,711
Prior Year Void Check	41	41		
Jail Commissary Fund Receipts	4,512			
Total Cash Receipts	<u>\$ 1,538,412</u>	<u>\$ 571,816</u>	<u>\$ 615,345</u>	<u>\$ 258,358</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 1,461,948	\$ 595,356	\$ 552,225	\$ 257,887
Transfers Out	355,362	202,511	151,651	600
Jail Commissary Fund Expenditures	3,829			
Total Cash Disbursements	<u>\$ 1,821,139</u>	<u>\$ 797,867</u>	<u>\$ 703,876</u>	<u>\$ 258,487</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	<u>\$ (282,727)</u>	<u>\$ (226,051)</u>	<u>\$ (88,531)</u>	<u>\$ (129)</u>
Cash Balance - July 1, 1998	<u>521,433</u>	<u>243,161</u>	<u>219,366</u>	<u>20,825</u>
Cash Balance - June 30, 1999	<u><u>\$ 238,706</u></u>	<u><u>\$ 17,110</u></u>	<u><u>\$ 130,835</u></u>	<u><u>\$ 20,696</u></u>

The accompanying notes are an integral part of the financial statements.

CLINTON COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1999
(Continued)

Jail Commissary Fund	Local Government Economic Assistance Fund	Community Development Block Grant Learning Center Fund	Disaster and Emergency Service Fund	Forest Fire Fund	Occupational Tax Fund
\$ 600	\$ 67,222	\$	\$ 117 10,000	\$ 956 400	\$ 9,086
4,512					
\$ 5,112	\$ 67,222	\$ 0	\$ 10,117	\$ 1,356	\$ 9,086
\$ 600	\$ 42,213	\$	\$ 10,299	\$ 1,286	\$ 2,682
3,829					
\$ 4,429	\$ 42,213	\$ 0	\$ 10,299	\$ 1,286	\$ 2,682
\$ 683	\$ 25,009 36,301	\$ 575	\$ (182) 1,192	\$ 70 13	\$ 6,404
\$ 683	\$ 61,310	\$ 575	\$ 1,010	\$ 83	\$ 6,404

CLINTON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Clinton County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, management has included the Jail Commissary Fund as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Clinton County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

CLINTON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 1999, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

CLINTON COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999
 (Continued)

Note 4. General Fund Transfer Due To Road and Bridge Fund

Our prior year audit stated that the General Fund owed the Road and Bridge Fund \$114,330 as of June 30, 1998. As of June 30, 1999, none of this amount had been paid to the Road and Bridge Fund.

Note 5. Lease-Purchase Agreement

The county has entered into the following lease-purchase agreement:

Description	Purchase Date	Maturity Date	Interest Rate	Amount
1999 Ford Ambulance	03/24/1999	06/24/2004	5.27%	\$ 57,180

Note 6. Insurance

For the fiscal year ended June 30, 1999, Clinton County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 7. Litigation

Litigation has been filed challenging the occupational tax. Clinton County Fiscal Court Ordinance No. 1999-OLFTAX states that ". . .effective April 1, 1999 the THREE FOURTHS OF ONE PERCENT Occupational License Fee Ordinance 1999-OLFTAX applies to all individuals, employers, partnerships, corporations, and businesses in Clinton County." This ordinance requires every employee to ". . .withhold THREE FOURTHS OF ONE PERCENT license fee from gross wages, salaries, and commissions paid to employees for services performed within Clinton County." As of April 20, 2000, Clinton County Fiscal Court is awaiting the opinion of the Clinton County Circuit Court. As of March 31, 2000, \$306,399 has been received for Fiscal Year 2000. If the court does not rule in the county's favor, the county will lose a major revenue source.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

CLINTON COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1999

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 386,540	\$ 420,124	\$ 33,584
Road and Bridge Fund	679,934	615,345	(64,589)
Jail Fund	57,860	65,647	7,787
Local Government Economic Assistance Fund	50,500	67,222	16,722
Community Development Block Grant- Learning Center Fund	513,861		(513,861)
Disaster and Emergency Service Fund		117	117
Forest Fire Fund	1,300	956	(344)
Occupational Tax Fund	18,000	9,086	(8,914)
Total	<u>\$ 1,707,995</u>	<u>\$ 1,178,497</u>	<u>\$ (529,498)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 1,707,995
Add: Budgeted Prior Year Surplus			<u>379,486</u>
Total Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 2,087,481</u>

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SCHEDULE OF OPERATING REVENUE

CLINTON COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<hr/>				
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 93,815	\$ 90,744	\$	\$
Excess Fees - 1997	3,626	3,626		
County Clerk:				
Deed Transfer Tax	13,425	13,425		
Occupational Licenses	137	137		
Delinquent Taxes	2,841	2,841		
Excess Fees - 1998	9,000	9,000		
Omitted Property Tax	784	784		
Tangible Personal Property Taxes:				
Other Counties	3,136	3,136		
County Clerk	26,839	26,839		
Occupational Employment Tax	9,071			
Bank Franchise Tax	20,616	20,616		
Franchise:				
Sheriff	7,775	7,775		
Other	752	752		
In Lieu of Taxes:				
Tennessee Valley Authority	6,588	6,588		
U.S. Treasurer	8,754	8,754		
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ 207,159	\$ 195,017	\$ 0	\$ 0
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Federal Receipts - State Treasurer</u>				
Federal Disaster and Emergency Services/Emergency Management				
Agency Reimbursement	\$ 6,417	\$ 2,412	\$ 4,005	\$
Flood Control Receipts	59,910	59,910		
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ 66,327	\$ 62,322	\$ 4,005	\$ 0
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CLINTON COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1999
(Continued)

Local Government Economic Assistance Fund	Disaster and Emergency Service Fund	Forest Fire Fund	Occupational Tax Fund
\$ 2,115	\$	\$ 956	\$
			9,071
<u>\$ 2,115</u>	<u>\$ 0</u>	<u>\$ 956</u>	<u>\$ 9,071</u>
\$	\$	\$	\$
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CLINTON COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1999
(Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 42,302	\$	\$	\$ 42,302
Medical Allotments	3,461			3,461
Driving Under The Influence Fees	3,753			3,753
County Road Aid	335,967		335,967	
Transportation Cabinet Grant	107,839		107,839	
Truck License Distribution	161,449		161,449	
Election Expense Reimbursement	6,630	6,630		
Strip Mine Permits	350	350		
Courthouse Rental - Administrative				
Office of the Courts	50,503	50,503		
Refunds:				
Legal Process Tax	65	65		
Drivers Licenses	963		963	
Severance Taxes:				
Mineral	38,158			
Board of Assessments	200	200		
Grants:				
Disaster and Emergency				
Assistance Grant-				
Coordinator Salary	1,854	1,854		
Capital Construction Park Grant	25,000			
Totals	<u>\$ 778,494</u>	<u>\$ 59,602</u>	<u>\$ 606,218</u>	<u>\$ 49,516</u>
<u>Miscellaneous Revenue</u>				
Interest	\$ 11,672	\$ 3,509	\$ 4,821	\$ 1,761
Circuit Court Clerk:				
Jail Cost	7,515			7,515
Jail:				
Telephone Commission Refunds	4,187			4,187
Licenses and Permits:				
Cable TV Franchise	21,790	21,790		
Charges for Services:				
Ambulance Service	49,056	49,056		

CLINTON COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1999
(Continued)

Local Government Economic Assistance Fund	Disaster and Emergency Service Fund	Forest Fire Fund	Occupational Tax Fund
\$	\$	\$	\$
38,158			
25,000			
\$ 63,158	\$ 0	\$ 0	\$ 0
\$ 1,449	\$ 117	\$	\$ 15

CLINTON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous (Continued)</u>				
Reimbursements	\$ 7,946	\$ 7,946	\$	\$
Rent	9,000	9,000		
Vending Machine Commissions	1,438	1,438		
Miscellaneous Items	13,913	10,444	301	2,668
Totals	\$ 126,517	\$ 103,183	\$ 5,122	\$ 16,131
Total Operating Revenue	\$ 1,178,497	\$ 420,124	\$ 615,345	\$ 65,647

CLINTON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Disaster and Emergency Service Fund	Forest Fire Fund	Occupational Tax Fund
\$	\$	\$	\$
500			
\$ 1,949	\$ 117	\$ 0	\$ 15
\$ 67,222	\$ 117	\$ 956	\$ 9,086

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

CLINTON COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 51,212	\$ 51,212	\$
Deputy County Judge/Executive	18,084	18,084	
Finance Officer	12,075	12,075	
Advertising	4,362	4,362	
Office Materials and Supplies	5,527	5,499	28
Postage	600	600	
Registrations and Conferences	1,513	1,513	
Telephone	5,000	4,807	193
Travel	1,166	1,166	
Office of County Attorney:			
Salaries-			
County Attorney	11,765	11,765	
Domestic Violence Issues	4,451	4,451	
Secretaries	13,445	13,445	
Travel	100	94	6
Miscellaneous	553	544	9
Office of County Clerk:			
Fiscal Court Clerk Salary	1,100	1,080	20
Tax Bill Preparation	2,713	2,713	
Office of Sheriff:			
Repair of Equipment	2,200	2,022	178
Materials and Supplies	3,000	3,000	
Refunds	3,626	3,626	
Telephone	1,800	1,750	50
Fiscal Court:			
Magistrates-			
Salaries	19,949	19,944	5
Legal Advertising	1,000	1,000	

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Fiscal Court (Continued):			
Custodial Supplies	\$ 7,061	\$ 7,061	\$
Conferences and Training	526	526	
Travel	214	214	
Miscellaneous	1,100	1,015	85
Office of Property Valuation Administrator:			
Statutory Contribution	9,177	9,177	
Office of Board of Assessment Appeals:			
Per Diem	400	400	
Office of County Treasurer:			
County Treasurer Salary	16,113	16,113	
Data Processing:			
Computer Programmer	1,200	1,200	
Supplies	897	897	
Equipment	600	587	13
County Law Library:			
Law Librarian Salary	628	628	
Elections:			
Per Diem-			
Election Commissioners	2,540	2,540	
Election Officers	8,660	8,590	70
Election Tabulators	630	630	
Contracts With Private Agencies	7,789	7,789	
Courthouse:			
Custodial Personnel	14,932	14,932	
Maintenance and Repairs-			
Courthouse	5,490	5,408	82
Equipment	335	335	
Water and Sewer	1,203	1,203	

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Courthouse (Continued):			
Electric	\$ 15,127	\$ 15,127	\$
Gas	34	34	
Ambulance Service:			
Salaries	181,394	181,394	
Equipment and Training	41,599	40,904	695
Petroleum Products	3,859	3,859	
Office of Public Defender:			
Contribution	1,150	1,142	8
<u>General Health and Sanitation</u>			
Dog Control:			
Dog Warden Salary	100		100
Sanitary Landfill:			
Landfill Testing	1,700	1,700	
Solid Waste Collection:			
Coordinator Salary	1,288	1,288	
Travel	1,125	1,063	62
	725	725	
<u>Social Services</u>			
Senior Citizens Program:			
Contribution	700	700	
<u>Recreation and Culture</u>			
Celebrations:			
Recreational Supplies	300		300
Other County Liabilities:			
Refunds	96		96

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Administration</u>			
General Services:			
Audit Services	\$ 8,000	\$ 7,797	\$ 203
Insurance-			
Buildings and Contents	4,000	4,000	
Errors and Omissions	2,500	2,500	
Liability	9,842	9,842	
Fidelity and Surety Bonds	8,000	8,000	
Vehicle	3,200	3,200	
Other Insurance	10,152	10,152	
Memberships-Area Development District	575	575	
Memberships-Kentucky Association of Counties	800	800	
Other Memberships	1,301	1,301	
Contingent Appropriations:			
Reserve for Transfers	38		38
Fringe Benefits:			
County Contributions-			
Social Security	26,500	25,929	571
Retirement	21,000	19,927	1,073
Worker's Compensation	7,000	7,000	
Unemployment Insurance	2,400	2,400	
Total General Fund	<u>\$ 599,241</u>	<u>\$ 595,356</u>	<u>\$ 3,885</u>

ROAD AND BRIDGE FUND

General Government

Fiscal Court:

Magistrates-

Expense and Travel Allowance-

Current Year	\$ 21,600	\$ 21,600	\$
Settlement of Prior Year Claims	28,800	28,800	

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u> (Continued)			
<u>Roads</u>			
Office of Road Supervisor/Engineer:			
Road Supervisor Salary	\$ 17,013	\$ 16,945	\$ 68
Travel	500		500
Road Maintenance:			
Salaries-			
Equipment Operators	39,000	26,309	12,691
Road Labor	79,575	79,222	353
Clerk	13,615	13,515	100
Engineering	900	875	25
Legal Fee	3,325	3,325	
Maintenance and Repairs-			
Building	4,000	1,410	2,590
Equipment	11,000	3,016	7,984
Gasoline	12,000	7,079	4,921
Motor Vehicle Parts	10,000	9,217	783
Machinery and Equipment-			
New Road Machinery	5,000	4,376	624
Road Materials	238,085	238,085	
Petroleum Products	523	523	
Pipes	13,000	12,477	523
Signs	2,049	2,049	
Tires and Tubes	2,000	517	1,483
Uniforms	5,000	4,861	139
Utilities-County Garage	3,000	2,142	858
Miscellaneous	1,542	1,542	
<u>Administration</u>			
General Services:			
Audit	2,000		2,000
Insurance-			
Property - Errors and Omissions	14,000	14,000	
Vehicles and Equipment	12,000	12,000	
Contingents Appropriations:			
Reserve for Transfer	8,606		8,606

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u> (Continued)			
<u>Administration</u> (Continued)			
Fringe Benefits:			
County Contributions-			
Retirement	\$ 16,000	\$ 14,243	\$ 1,757
Social Security	15,400	15,347	53
Worker's Compensation	12,000	12,000	
Unemployment Insurance	6,750	6,750	
Total Road and Bridge Fund	\$ 598,283	\$ 552,225	\$ 46,058

JAIL FUND

Protection to Persons and Property

Office of Jailer:			
Personnel Services-			
Salaries-			
Current Jailer	\$ 13,751	\$ 13,750	\$ 1
Settlement of Former Jailer	62,541	62,541	
Jail Personnel	59,400	59,346	54
Other Per Diem and Fees	9,000	8,295	705
Operations-			
Contracts With Other Counties	176	176	
Maintenance and Repairs-			
Building	5,515	5,429	86
Van	1,000	172	828
Routine Medical	21,500	21,500	
Pest Control	500	440	60
Indigent Services	500		500
Building Maintenance Supplies	1,000	283	717
Custodial Supplies	3,275	3,274	1
Food Preparation and Serving Supplies	1,570	1,099	471
Food	22,084	22,084	
Gasoline	800	710	90
Linens	500	401	99
Office Supplies	500	306	194
Personal Hygiene	200	35	165
Plumbing Supplies	500	5	495

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued):			
Office of Jailer (Continued):			
Operations (Continued)-			
Prisoner Clothing	\$ 600	\$ 550	\$ 50
Recreation-Cable	1,100	413	687
Uniforms	1,000	810	190
Postage	200	66	134
Printing	500		500
Telephone	2,600	2,444	156
Travel	500	498	2
Water and Sewer	1,750	1,701	49
Electric	7,000	6,964	36
Miscellaneous	1,000	755	245
Juvenile Detention			
Contracts With Other Counties	360	360	
Food	200		200
<u>Capital Projects</u>			
Buildings and Construction:			
Engineering Services	1,956	1,956	
Maintenance and Repairs-			
Building	4,664	4,664	
Equipment	6,000	4,323	1,677
<u>Administration</u>			
General Services:			
Insurance-			
Building	1,100	1,100	
Errors and Omissions	5,900	5,900	
Bond Premiums	150	150	
Vehicles and Equipment	800	800	
Contingent Appropriations:			
Reserve For Budget Transfers	2,268		2,268

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND (Continued)</u>			
<u>Administration (Continued)</u>			
Fringe Benefits:			
County Contributions-			
Retirement	\$ 10,870	\$ 10,141	\$ 729
Social Security	9,516	7,996	1,520
Worker's Compensation	3,000	3,000	
Unemployment Insurance	3,450	3,450	
Total Jail Fund	<u>\$ 270,796</u>	<u>\$ 257,887</u>	<u>\$ 12,909</u>

LOCAL GOVERNMENT ECONOMIC
ASSISTANCE FUND

General Government

Office of Coroner:

Salaries-			
County Coroner	\$ 5,090	\$ 5,089	\$ 1
Deputy Coroner	1,268	1,266	2
Expense	2,000	1,825	175
Custodial Supplies	200	4	196

Protection to Persons and Property

Disaster and Emergency Service:

Telephone	320	320	
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Ambulance Service:

Salaries	9,000	8,824	176
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Recreation and Culture

Parks:

Renewals and Repairs	35,000	4,206	30,794
Utilities	788	788	

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
LOCAL GOVERNMENT ECONOMIC <u>ASSISTANCE FUND</u> (Continued)			
<u>Recreation and Culture</u> (Continued):			
Public Libraries:			
Library Services	\$ 5,000	\$ 4,996	\$ 4
Tourist and Convention:			
Community Center-			
Maintenance and Repairs	800	797	3
Utilities	12,000	11,880	120
<u>Administration</u>			
Contingent Appropriations			
Reserve for Budget Transfers	834		834
Fringe Benefits:			
County Contributions-			
Retirement	350	295	55
Social Security	1,600	1,148	452
Worker's Compensation	400	400	
Unemployment Insurance	375	375	
Total Local Government Economic Assistance Fund	<u>\$ 75,025</u>	<u>\$ 42,213</u>	<u>\$ 32,812</u>
COMMUNITY DEVELOPMENT BLOCK GRANT - LEARNING <u>CENTER FUND</u>			
Other Cultural Programs:			
Buildings and Construction	<u>\$ 514,436</u>	<u>\$ 0</u>	<u>\$ 514,436</u>

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>DISASTER AND EMERGENCY SERVICE FUND</u>			
<u>Protection to Persons and Property</u>			
Disaster and Emergency Service:			
Coordinator Salary	\$ 6,761	\$ 6,761	\$
Rentals	2,400	2,400	
Postage	64		64
Telephone	600	563	37
Miscellaneous	58	58	
<u>Administration</u>			
Fringe Benefits (Employer Share):			
Social Security	<u>517</u>	<u>517</u>	
Total Disaster and Emergency Services Fund	<u>\$ 10,400</u>	<u>\$ 10,299</u>	<u>\$ 101</u>
<u>FOREST FIRE FUND</u>			
<u>Protection to Persons and Property</u>			
Forest Resource Services	<u>\$ 1,300</u>	<u>\$ 1,286</u>	<u>\$ 14</u>
<u>OCCUPATIONAL TAX FUND</u>			
<u>General Government</u>			
Office of Tax Administrator:			
Salary	\$ 2,500	\$ 2,500	\$
Data Process Equipment and Supplies	3,000		3,000
Office Supplies	1,850		1,850
Telephone	200		200
<u>Administration</u>			
Contingent Appropriations			
Reserve for Budget Transfers	10,000		10,000

CLINTON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>OCCUPATIONAL TAX FUND</u> (Continued)			
<u>Administration</u> (Continued):			
Fringe Benefits (Employer Share):			
Retirement	\$ 250	\$	\$ 250
Social Security	200	182	18
Total Occupational Tax Fund	\$ 18,000	\$ 2,682	\$ 15,318
TOTAL BUDGET - ALL FUNDS	\$ 2,087,481	\$ 1,461,948	\$ 625,533

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Charlene King, County Judge/Executive
Members of the Clinton County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Clinton County, Kentucky, as of and for the year ended June 30, 1999, and have issued our report thereon dated April 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Clinton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying comments and recommendations.

- Expenditures From The Road And Bridge Fund Should Be For Road Purposes Only
- All Invoices Should Be Paid Within Thirty Working Days

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clinton County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Clinton County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying comments and recommendations.

- Accurate Accounting Records Should Be Maintained By The County
- All Invoices Should Be Paid Within Thirty Working Days

Honorable Charlene King, County Judge/Executive
Members of the Clinton County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider the following to be a material weakness.

- All Invoices Should Be Paid Within Thirty Working Days

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 20, 2000

COMMENTS AND RECOMMENDATIONS

CLINTON COUNTY
COMMENTS AND RECOMMENDATIONS

Fiscal Year Ended June 30, 1999

NONCOMPLIANCES – STATE LAWS AND REGULATIONS:

1) Expenditures From The Road And Bridge Fund Should Be For Road Purposes Only

Our prior year audit stated that the General Fund owed the Road and Bridge Fund \$114,330 as of June 30, 1998. As of June 30, 1999, none of this amount had been paid to the Road and Bridge Fund. As of June 30, 1999, the following amounts are due to the Road and Bridge Fund:

Total Prior Year (Current Administration)	\$ 44,515
Total Prior Year (Prior Administration)	<u>69,815</u>
 Total General Fund Amount Due Road and Bridge Fund	 <u><u>\$ 114,330</u></u>

We recommend that \$114,330 be returned to the Road and Bridge Fund as soon as possible.

Charlene King, Clinton County Judge/Executive's Response:

We will pay \$50,000 by June 30, 2000 if the occupational tax lawsuit is ruled in our favor. Current Administration: \$44,515 was mostly insurance and Treasurer Dallas Sidwell taking too much from the Road Fund for Administration.

Dallas Sidwell, Former Clinton County Treasurer's Response:

Current Administration amount is made up of several amounts, record will speak for itself.

2) All Invoices Should Be Paid Within Thirty Working Days

An invoice for road materials for \$107,839 was not paid in a timely manner. Delivery tickets indicate that surface and binder were delivered to various roads from September 16, 1998 through October 7, 1998. An invoice from the vendor is dated October 9, 1998. A letter to the Kentucky Transportation Cabinet dated November 11, 1998 indicates a copy of this invoice was sent to the Kentucky Transportation Cabinet in order to obtain reimbursement for the roadwork performed. Reimbursement of \$107,839 was received from the Transportation Cabinet on December 7, 1998. The vendor was paid \$106,786 on June 30, 1999.

Original Invoice Number 19131	\$ 107,839
Add: Invoice Number 104560	3,802
Less:	
Overcharge Removed	(1,646)
Credit for Prior Overpayment	(337)
Prior Payment	<u>(2,872)</u>
 Total Paid June 30, 1999	 <u><u>\$ 106,786</u></u>

CLINTON COUNTY
SCHEDULE OF COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 1999
(Continued)

NONCOMPLIANCES – STATE LAWS AND REGULATIONS: (Continued)

2) All Invoices Should Be Paid Within Thirty Working Days (Continued)

KRS 65.140 requires county governments to pay bills for goods and services within thirty (30) working days of receipt of a vendor's invoice. We recommend the Clinton County Fiscal Court initiate procedures to ensure that all invoices are paid in a timely manner and are properly cancelled with the date paid, check number, amount paid, and the initials of the persons preparing the payment.

Charlene King, Clinton County Judge/Executive's Response:

Treasurer Dallas Sidwell did not pay this timely - and he resigned with 1 day notice we did not learn that it had not been paid until June 1999.

Dallas Sidwell, Former Clinton County Treasurer's Response:

Please check local government manual of how bills are to be submitted by judge office and approved by fiscal court then to the treasurer.

3) Accurate Accounting Records Should Be Maintained By The County

Expenditures totaling \$2,643 for flowers and Christmas decorations were posted to the County Judge/Executive's office supply account. We recommend that accurate records be maintained in the future and that all expenditures be posted to the proper budget appropriation ledger accounts.

Charlene King, Clinton County Judge/Executive's Response:

None-Starting using the correct account in 2000 (recreational supplies)

Dallas Sidwell, Former Clinton County Treasurer's Response:

None

INTERNAL CONTROL – REPORTABLE CONDITIONS:

The above comments are noted as reportable conditions pursuant to professional auditing standards.

CLINTON COUNTY
SCHEDULE OF COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 1999
(Continued)

INTERNAL CONTROL - MATERIAL WEAKNESSES:

The comment noted below is hereby noted as a material weakness and is discussed on page 38 and page 39.

- All Invoices Should Be Paid Within Thirty Working Days

PRIOR YEAR FINDINGS:

In the prior year audit report, we reported the expenditures from the Road and Bridge Fund did not comply with Kentucky Revised Statutes and that accurate accounting records were not maintained. These findings have not been corrected and are commented upon in the current year.

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CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

CLINTON COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1999

Appendix A

CERTIFICATION OF COMPLIANCE

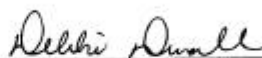
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

CLINTON COUNTY FISCAL COURT

The Clinton County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer